BANK OF CANADA
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Senior Loan Officer Survey

on Business-Lending Practices in Canada

Results of the Fourth-Quarter 2011 Survey

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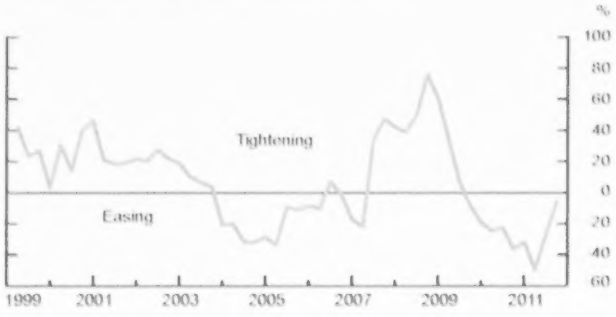
This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the fourth quarter of 2011.

- The survey results indicate almost no change in overall business-lending conditions during the fourth quarter of 2011. This follows several consecutive quarters of easing credit conditions for business borrowers (**Chart 1**). Note that the balance of opinion indicates only the direction of the change in lending conditions; it does not provide information on the magnitude of the change.
- While there was a continued net easing in the non-price aspects of business lending, the degree of consensus on easing has moderated somewhat since the previous survey. Virtually no change was reported in price-lending conditions during the fourth quarter (**Chart 2**).
- The easing in non-price lending conditions was reported across all borrower categories, but was most evident for corporate borrowers and small businesses.
- Despite continued competition among lenders, price-lending conditions remained unchanged during the fourth quarter, owing in part to a less-favourable economic outlook.
- The balance of opinion regarding the demand for credit from financial institutions increased during the fourth quarter. The net increase was mostly related to an increase in financing for "general purposes."

Chart 1: Lending conditions are almost unchanged for Canadian non-financial firms . . .

Overall business-lending conditions: Balance of opinion*



* The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: . . . in terms of price, and show some easing in non-price terms

Price and non-price lending conditions: Balance of opinion*

* The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial and corporate sectors.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The fourth-quarter survey was conducted between 5 and 9 December 2011. Additional information on the survey is available on the Bank of Canada's website.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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